990/Sch.A/inst./990

1990

Department of the Treasury
Internal Revenue Service

Instructions for Schedule A (Form 990)

(Section references are to the Internal Revenue Code, unless otherwise noted.)

Purpose of Form.—Schedule A (Form 990) is used by section 501(c)(3), 501(e), 501(f), and 501(k) organizations and section 4947(a)(1) charitable trusts to furnish additional information not required of other types of organizations that file **Form 990**, Return of Organization Exempt From Income Tax, or **Form 990EZ**, Short Form Return of Organization Exempt From Income Tax. This additional information is required by section 6033(b) and Rev. Proc. 75-50.

For purposes of these instructions, the term "section 501(c)(3)" includes organizations exempt under sections 501(e), 501(f), and 501(k).

General Information

A. Who Must File.—If you file Form 990 (or Form 990EZ) for an organization described in section 501(c)(3), or for a nonexempt charitable trust described in section 4947(a)(1), you will need to complete and attach Schedule A. If you are not required to file Form 990 (or Form 990EZ), you need not file Schedule A. Do not use Schedule A if you file for a private foundation. (Private foundations file **Form 990-PF**, Return of Private Foundation, instead of Form 990.)

B. Period Covered.—Your Schedule A should cover the same period as the Form 990 (or Form 990EZ) with which you file it.

C. Penalties.—Schedule A (Form 990) is an integral part of Form 990 (or Form 990EZ) for section 501(c)(3) organizations and section 4947(a)(1) charitable trusts required to file either form. Therefore, any such organization that does not submit a completed Schedule A with its Form 990 (or Form 990EZ) does not satisfy its filing requirement and may be charged a $10 a day penalty. See General Instruction K of the Form 990 (and Form 990EZ) instructions for more information about this and other penalties.

To avoid having to respond to requests for missing information, please be sure to complete all applicable line items; to answer "Yes" or "No" to each question on the return; to make an entry (including a "-0-" when appropriate) on all *total* lines; and to enter "None" or "N/A" if an entire part does not apply.

Specific Instructions

If you need more space for any part or line item, attach separate sheets on which you follow the same format and sequence as on the printed form. Show totals on the printed form. Be sure to put the organization's name and employer identification number on separate sheets and identify the part or line that the attachments support.

You may show money items as whole dollar amounts. To do so, drop any amount less than 50 cents and increase any amount from 50 through 99 cents to the next higher dollar.

Part I

Complete Part I for the five employees with the highest annual compensation over $30,000. Do not include employees listed in Part V of Form 990 or in Part IV of Form 990EZ (List of Officers, Directors, and Trustees). Also enter in Part I the number of other employees with annual compensation over $30,000 *who are not listed in Part I.*

In columns (c) through (e), show all forms of compensation received by each listed employee.

Column (c).—Enter salary, fees, bonuses, and severance payments received by each listed employee.

Column (d).—Include all forms of deferred compensation (whether or not funded and whether or not the deferred compensation plan is a qualified plan under section 401(a)). Include payments to welfare benefit plans on behalf of the employee.

Column (e).—Enter expense allowances or reimbursements that the recipients must report as income on their separate income tax returns. Examples include amounts for which the recipient did not account to the organization or allowances that were more than the payee spent on serving the organization. Include payments made in connection with indemnification arrangements, the value of the personal use of housing, automobiles, or other assets owned or leased by the organization (or provided for the organization's use without charge), as well as any other taxable and nontaxable fringe benefits.

Part II

Complete Part II for the five highest paid independent contractors who performed personal services of a professional nature for the organization and, in return, received over $30,000 for the year from the organization. Examples of such contractors include attorneys, accountants, and doctors, whether these people perform the services as individuals or as employees of a professional service corporation. Also show the number of other independent contractors who received more than $30,000 for the year for performing such services and are not listed in Part II.

Part III

Line 1.—For a definition of *attempting to influence legislation*, see the instructions for Part VI.

Line 2d.—If the only compensation or repayment relates to amounts you reported in Part V of Form 990 (or Part IV of Form 990EZ), check "Yes" and write "See Part V, Form 990" (or "See Part IV of Form 990EZ") on the dotted line to the left of the entry space.

Line 4.—In the statement, do not include payments for materials or services the organization receives.

Qualify means that organizations or individuals will use the funds you provide for charitable purposes described in sections 170(c)(1) and 170(c)(2).

Qualify also means that individual recipients belong to a charitable class, and the payments are to aid them. Examples include helping the aged poor, training teachers and social workers from underdeveloped countries, and awarding scholarships to individuals.

Part IV

Definitions.—The following terms are used in more than one item in Part IV. The definitions below generally apply.

Support (boxes 10, 11, 12, Support Schedule), with certain exceptions described below, means all forms of support including (but not limited to) contributions, investment income (such as interest, rents, royalties, and dividends), and net income from unrelated business activities whether or not such activities are carried on regularly as a trade or business.

(a) *Support* does not include—

(1) Any amounts the organization receives from exercising or performing its charitable, educational, or other similar purpose or function. In general, these amounts include those from any activity which is substantially related to the furtherance of such charitable, etc., purpose or function (other than through the production of income). **Exception:** Section 509(a)(2) organizations that check box 12 do include these amounts as part of their support.

(2) Any gain on the sale or exchange of property which would be considered under any section of the Code as gain from the sale or exchange of a capital asset.

(3) Contributions of services for which a deduction is not allowable.

(b) *Support from a governmental unit*, with certain exceptions described below, includes—

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(1) Any amounts received from a governmental unit, including donations or contributions and amounts received in connection with a contract entered into with a governmental unit for the performance of services or in connection with a government research grant, provided these amounts are not excluded from the term *support* as amounts received from exercising or performing the organization's charitable purpose or function. An amount paid by a governmental unit to an organization is not treated as received from exercising or performing its charitable, etc., purpose or function if the payment is to enable the organization to provide a service to, or maintain a facility for, the direct benefit of the public, as for example, to maintain library facilities which are open to the public.

(2) Tax revenues levied for the organization's benefit and either paid to or expended on its behalf.

(3) The value of services or facilities (exclusive of services or facilities generally furnished, without charge, to the public) furnished by a governmental unit to the organization without charge; for example, a city pays the salaries of personnel to guard a museum, art gallery, etc., or provides the use of a building rent free. However, the term does not include the value of any exemption from Federal, state, or local tax or any similar benefit.

Indirect contributions from the general public are what the organization receives from other organizations that receive a substantial part of their support from general public contributions. An example is the organization's share of the proceeds from an annual community chest drive (such as the United Way or United Fund).

A disqualified person is:

(1) *A substantial contributor,* who is any person who gave an aggregate amount of more than $5,000, if that amount is more than 2% of the total contributions the foundation or organization received from its inception through the end of the year in which that person's contributions were received. Gifts from the contributor's spouse are treated as gifts from the contributor. Gifts are generally valued at fair market value as of the date the organization received them. Special rules apply for contributions made on or before October 9, 1969. (See Regulations section 1.507-6.) In the case of a trust, the creator of the trust is considered a substantial contributor without regard to the amount of contributions received by the trust from the creator and other persons. Any person who is a substantial contributor at any time generally remains a substantial contributor for all future periods even if later contributions by others push that person's contributions below the 2% figure discussed above.

(2) An officer, director, or trustee of the organization or any individual having powers or responsibilities similar to those of officers, directors, or trustees.

(3) An owner of more than 20% of: the voting power of a corporation, profits interest of a partnership, or beneficial interest of a trust or an unincorporated enterprise that is a substantial contributor to the organization.

(4) A family member of an individual in the first three categories. A "family member" includes only a person's spouse, ancestors, lineal descendants, and spouses of lineal descendants.

(5) A corporation, partnership, trust, or estate in which persons described in (1), (2), (3), or (4) own more than 35% of the voting power, profits interest, or beneficial interest. See section 4946(a)(1).

An organization is considered *normally* to satisfy the public support test (boxes 10, 11, and 12) for its current tax year and the tax year immediately following its current tax year if the organization satisfies the applicable support test for the 4 tax years immediately before the current tax year. If the organization has a material change (other than from unusual grants—see instructions for line 28 on page 3) in its sources of support during the current tax year, the data ordinarily required in the Support Schedule covering the years 1986 through 1989 must be submitted for the years 1986 through 1990. You must prepare and attach a 5-year schedule using the same format as provided in the Support Schedule for lines 15 through 28.

Boxes 5 through 14.—Check one box to indicate why the organization is not a private foundation. The organization's exemption letter states the reason, or your local IRS office can tell you.

Box 6.—Check box 6 for a school whose primary function is the presentation of formal instruction, and which regularly has a faculty, a curriculum, an enrolled body of students, and a place where educational activities are regularly conducted.

A private school, in addition, must have a racially nondiscriminatory policy toward its students. For more information about these requirements, see the instructions for Part V.

Box 7.—Check box 7 for an organization whose main purpose is to provide hospital or medical care. A rehabilitation institution or an outpatient clinic may qualify as a hospital, but the term does not include: medical schools, medical research organizations, convalescent homes, homes for the aged, or vocational training institutions for the handicapped. Also check box 7 for a cooperative hospital service organization described in section 501(e).

Box 9.—Check box 9 for a medical research organization operated in connection with or in conjunction with a hospital. The hospital must be described in section 501(c)(3) or operated by the Federal government, a state or its political subdivision, a U.S. possession or its political subdivision, or the District of Columbia.

Medical research means studies and experiments done to increase or verify information about physical or mental diseases and disabilities and their causes, diagnosis, prevention, treatment, or control. The organization must conduct the research directly and continuously. If it primarily gives funds to other organizations (or grants and scholarships to individuals) for them to do the research, the organization is not a medical research organization.

The organization need not be an affiliate of the hospital, but there must be an understanding that they will cooperate closely and continuously in doing medical research as a joint effort.

An organization qualifies as a medical research organization if its principal purpose is medical research and it devotes more than half its assets, or spends at least 3.5% of the fair market value of its endowment, in directly conducting medical research. Either test may be met based on a computation period consisting of the immediately preceding tax year or the immediately preceding 4 tax years. If an organization does not satisfy either the assets test or the expenditure test, it may still qualify as a medical research organization based on the circumstances involved. These tests are discussed in Regulations sections 1.170A-9(c)(2)(v) and (vi). Value the organization's assets as of any day in your tax year but use the same day every year. Value the endowment at fair market value, using commonly accepted valuation methods. (See Regulations section 20.2031.)

Box 10.—Check box 10 and complete the Support Schedule (lines 15 through 28) if your organization receives and manages property for and expends funds to benefit a college or university that is owned or operated by one or more states or their political subdivisions. The school must be as described in the first paragraph of the instructions for box 6.

Expending funds to benefit a college or university includes acquiring and maintaining the campus, its buildings, and its equipment, granting scholarships and student loans, and making any other payments in connection with the normal functions of colleges and universities.

The organization must meet essentially the same public support test described below for box 11. See Rev. Rul. 82-132, 1982-2 C.B. 107.

Box 11.—Check either applicable box and complete the Support Schedule for an organization that normally receives at least 33⅓% of its support (excluding income received in exercising its charitable, etc., function) from a governmental unit, or from direct or indirect contributions from the general public.

To determine whether the 33⅓ percent-of-support test is met, donor contributions are considered support from direct or indirect contributions from the general public only to the extent that the total amount received from any one donor during the 4-tax-year period is 2% or less of the organization's total support for those 4 tax years as described below:

Denominator.—Any contribution by one individual will be included **in full** in the total support denominator of the fraction determining the 33⅓ percent-of-support or the 10 percent-of-support limitation.

Numerator.—**Only the portion of each** donor's contribution that is 2% or less of the total support denominator will be included in the numerator. In applying the 2% limitation, all contributions by any person(s) related to the donor as described in section 4946(a)(1)(C) through (G) (and related regulations) will be treated as if made by the donor. The 2% limitation does not apply to support from governmental units referred to in section 170(c)(1), or to contributions from publicly supported organizations (section 170(b)(1)(A)(vi)), that check box 11a or b.

Example: For the years 1986 through 1989, the X organization received $600,000 in support from the following sources:

Investment income	$300,000
Y City (government source)	40,000
United Fund (indirect contributions from general public)	40,000
Direct contributions	220,000
Total support	$600,000

Six donors each gave more than 2% of the total support (which is $12,000). While the donors' full contributions are counted in X organization's total support, only $12,000 from each of these six donors is included in the organization's public support. The public support is figured as follows:

Government support (Y City)	$40,000
Indirect contributions from the general public (United Fund)	40,000
Contributions from various donors, none of whom gave over 2% of the organization's total support	50,000
6 contributions limited to 2% of the organization's total support (6 × $12,000)	72,000
Public support	$202,000

One-third of X organization's total support is $200,000 for years 1986 through 1989. Since the organization received more than one-third of its total support for the period from public sources, it qualifies as a publicly supported organization.

An organization which does not qualify as publicly supported under the test described above may be publicly supported on the basis of the facts in its case if it receives at least 10% of its support from the general public. If you believe your organization is publicly supported according to applicable regulations, attach a detailed statement of the facts upon which you base your conclusion.

Box 12.—Check box 12 and complete the Support Schedule (lines 15 through 28) for an organization that meets both of the following support tests (section 509(a)(2)):

(A) Normally receives more than one-third of its support in each tax year from any combination of—

(i) gifts, grants, contributions, or membership fees, and

(ii) gross receipts from admissions, sales of merchandise, performance of services, or furnishing of facilities, in an activity which is not an unrelated trade or business (within the meaning of section 513), not including such receipts from any person, or from any bureau or similar agency of a government unit (as described in section 170(c)(1)), in any tax year to the extent such receipts exceed the greater of $5,000 or 1% of the organization's support in such tax year, from persons other than disqualified persons (see Definitions, above) with respect to the organization, from governmental units described in section 170(c)(1), or from organizations described in section 170(b)(1)(A) (other than in clauses (vii) and (viii)), and

(B) Normally receives not more than one-third of its support each tax year from the sum of—

(i) gross investment income (as defined in section 509(e)), and

(ii) the excess (if any) of the amount of the unrelated business taxable income (as defined in section 512) over the amount of the tax imposed by section 511.

For purposes of section 509(a)(2), determine your support solely on the cash receipts and disbursements method of accounting. For example, if a grantor makes a grant to an organization payable over a term of years, such grant will be includible in the support fraction of the grantee organization only when and to the extent amounts payable under the grant are received by the grantee.

Retained character of gross investment income.—When determining whether an organization meets the gross investment income test of section 509(a)(2)(B), amounts received from the following organizations retain the character of gross investment income (rather than gifts or contributions) to the extent that these organizations characterize the amounts as gross investment income:

(a) An organization that claims to be described in section 509(a)(3) because it supports a 509(a)(2) organization; or

(b) A charitable trust, corporation, fund, or association described in section 501(c)(3) (including a charitable trust described in section 4947(a)(1)), which is required to distribute, or normally distributes, at least 25% of its adjusted net income (within the meaning of section 4942(f)) to a 509(a)(2) organization, if the distribution normally comprises at least 5% of the distributee organization's adjusted net income.

If an organization receives an amount from a split-interest trust described in section 4947(a)(2) that is required to distribute, or normally distributes, at least 25% of its adjusted net income to a 509(a)(2) organization, and the distribution normally comprises at least 5% of the distributee organization's adjusted net income, the amount retains the character of gross investment income if it would be characterized as gross investment income attributable to transfers in trust after May 26, 1969, if the trust were a private foundation.

All income characterized as gross investment income in the possession of the distributing organization is considered to be distributed first by the organization and keeps its character as such in the possession of the recipient.

For further details see Regulations section 1.509(a)-5, covering special rules of attribution.

If your organization received any amounts from either kind of organization above, attach a statement. Show the amounts received from each organization, including amounts, such as gifts, that are not investment income.

Box 13.—Check box 13 and complete items (a) and (b) for a supporting organization operated only for the benefit of and in connection with organizations listed above in boxes 5 through 12, or with organizations described in section 501(c)(4), (5), or (6) that meet the tests of section 509(a)(2) (described in box 12). General principles governing supporting organizations are described in Regulations section 1.509(a)-4.

Under item 13b, "Box number from above," identify the organization supported if it is included in the list of boxes 5 through 12. For example, if your organization supported a hospital, enter "7" in item 13b.

Box 14.—Check box 14 only if the organization has received a ruling from the IRS that it is organized and operated primarily to test for public safety.

Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) or (vi) and 509(a)(2).—Complete the Support Schedule if you checked box 10, 11, or 12.

If the organization has not existed during the whole period the schedule covers, fill in the information for the years that apply. If the organization's status is based on years not shown in the Support Schedule, attach an additional schedule for the other years.

Lines 15, 16, 17, 26, and 27.—Refer to Regulations section 1.509(a)-3:

(1) To distinguish gross receipts from gifts and contributions, grants, and gross investment income; and

(2) For the definition of membership fees and a bureau or similar agency of a governmental unit.

Line 17.—In addition to income the organization receives from performing its charitable, etc., functions, include on line 17 gross receipts from section 513(a)(1), (2), or (3) activities. These are activities in which substantially all the work is performed without compensation, or carried on by the organization primarily for the convenience of its members, or which consists of the selling of merchandise, substantially all of which has been received by the organization as gifts or contributions.

Line 28.—Unusual grants generally are substantial contributions and bequests from disinterested persons and:

(1) Are attracted because of the organization's publicly supported nature,

(2) Are unusual and unexpected because of the amount, and

(3) Are large enough that they would endanger the organization's status as normally meeting the support test described in the instructions for box 10, 11, or 12.

A grant that meets these terms may be treated as an unusual grant (that is disregarded entirely in the public support computation) even if the organization receives the funds over a period of years. In your list of unusual grants, show only what the organization received during the year.

Do not treat gross investment income items as unusual grants. Instead, include all investment income in support.

See Regulations sections 1.170A-9(e)(6)(ii) and 1.509(a)-(3)(c)(3) and (4) for more information about unusual grants.

Part V

All schools that checked box 6, Part IV, must complete Part V. Rev. Proc. 75-50, 1975-2 C.B. 587, gives guidelines and recordkeeping requirements for determining whether private schools that are recognized as exempt from tax have racially nondiscriminatory policies as to students.

Section 4.01 of the Rev. Proc. requires a school to include a statement in its charter, bylaws, or other governing instrument, or in

a resolution of its governing body, that it has a racially nondiscriminatory policy as to students.

Section 4.02 requires every school to include a statement of its racially nondiscriminatory policy as to students in all its brochures and catalogues dealing with student admissions, programs, and scholarships. Further, every school must include a reference to its racially nondiscriminatory policy in other written advertising that it uses as a means of informing prospective students of its programs.

Section 4.03 requires a school to publicize its racially nondiscriminatory policy at least once annually during the period of its solicitation for students, or, in the absence of a solicitation program, during its registration period, unless it meets the criteria set out in section 4.03-2 of the Rev. Proc. See section 4.03-1 for examples of acceptable methods of publicizing the policy, including the use of newspapers and broadcast media. Whatever method is used, it must make the school's policy known to all segments of the general community it serves.

Section 4.03 further requires a school to be prepared to demonstrate that it has publicly denied or withdrawn any statements claimed to have been made on its behalf that are contrary to its publicity of a racially nondiscriminatory policy as to students, to the extent that the school or its principal officials were aware of such statements.

Section 4.04 requires a school to be able to show that all of its programs and facilities are operated in a racially nondiscriminatory manner.

Section 4.05 generally requires that all scholarships or other comparable benefits at any school be offered on a racially nondiscriminatory basis. However, a financial assistance program favoring members of one or more racial groups will not adversely affect exempt status if it does not significantly detract from a racially nondiscriminatory policy as to students.

Section 4.06 requires an individual authorized to take official action on behalf of a school that claims to be racially nondiscriminatory as to students to certify annually, under penalties of perjury, that to the best of his or her knowledge and belief the school has satisfied the applicable requirements of sections 4.01 through 4.05 of the Rev. Proc. This certification is line 35 in Part V.

Part VI

Complete Part VI only for an eligible organization that filed **Form 5768**, Election/ Revocation of Election by an Eligible Section 501(c)(3) Organization to Make Expenditures to Influence Legislation, to elect to be subject to the lobbying expenditure limitations of section 501(h) and the election was in effect for its tax year beginning in 1990. For lines 36 through 44, complete column (b) for any organization using Part VI, but complete column (a) only for affiliated groups, defined below.

An organization that makes the election can have nontaxable lobbying expenses within certain dollar limits. It will be subject to an excise tax if its lobbying expenses exceed these limits in a particular year. Lines 36–44 are used to determine whether any of the organization's current year lobbying expenditures are subject to tax. File **Form 4720**, Return of Certain Excise Taxes on Charities and Other Persons Under Chapters 41 and 42 of the Internal Revenue Code, if you need to report and pay the excise tax.

If, over a 4-year averaging period, the organization's average annual lobbying or grassroots lobbying expenses are more than 150% of its dollar limits, its exempt status may be jeopardized. Lines 45-50 are used to determine if the organization exceeded these limits during the 4-year averaging period.

Tax on Lobbying Expenditures of Former Section 501(c)(3) Organizations.—Certain organizations whose section 501(c)(3) status is revoked because of excess lobbying activities are subject to a 5% excise tax on their lobbying expenditures. A similar tax is imposed on any manager of the organization who willfully and without reasonable cause consented to the making of the lobbying expenditures knowing that they would likely result in the organization's no longer qualifying under section 501(c)(3). There is no limit on the amount of this tax that may be imposed against either the organization or its managers.

These taxes are not imposed in the case of any organization for which a section 501(h) election was in effect at the time of the lobbying expenditures or which was not eligible to make a section 501(h) election.

Definitions.—The following terms are used throughout Part VI. The definitions below generally apply.

Exempt purpose expenses are:

(1) The total amounts paid or incurred for religious, charitable, scientific, literary, or educational purposes, or to foster national or international amateur sports competition (not including (except for qualified amateur sports organizations described in section 501(j)(2)) the providing of athletic facilities or equipment), or for the prevention of cruelty to children or animals.

(2) Administrative expenses paid or incurred for the above purposes.

(3) Amounts paid or incurred to try to influence legislation, whether or not for the purposes described in (1) above.

Exempt purpose expenses do not include amounts paid to or incurred for either the organization's separate fundraising unit or other organizations, if the amounts are primarily for fundraising.

Lobbying expenses are spent in an attempt to influence legislation by:

(1) Affecting the opinion of any segment of the general public (grassroots lobbying expenses), or

(2) Communicating with any member or employee of a legislative body, or with any government official or employee who may help form legislation.

Influencing legislation does **not** include any of the following:

(1) Making available the results of nonpartisan analysis or research.

(2) Providing technical advice or help (that would otherwise be influencing legislation) to a government body, committee, or other subdivision in response to a written request by that group.

(3) Appearing before, or communicating with, a legislative body about its possible decision that might affect the organization's existence, powers, duties, tax-exempt status, or the deduction of contributions to the organization.

(4) Communicating with a government official or employee who is not a member or employee of a legislative body, unless the main purpose of the communication is to influence legislation.

(5) Communications between the organization and its members about legislation or proposed legislation that directly interests the organization and its members. However, influencing legislation does include requests from the organization to its members that they:

- try to influence legislation by communicating with anyone who helps form it; or
- encourage nonmembers to try to influence legislation, either by grassroots lobbying or by communicating with anyone who helps form the legislation.

Legislation includes action with respect to acts, bills, resolutions, or similar items by the Congress, any state legislature, any local council, or similar governing body or by the public in a referendum, initiative, constitutional amendment, or similar procedure.

The term *action* in the preceding sentence is limited to the introduction, amendment, enactment, defeat, or repeal of acts, bills, resolutions, or similar items.

Figuring lobbying expenses.—When an expense is incurred partly in connection with exempt purposes and partly in connection with any other type of activity, allocate the expense between the two activities on a reasonable basis. For example, if a person spends half the time on lobbying activities and half the time on investment activities, allocate that person's salary expense equally between the two activities. The same rule applies to other operating expenses, such as telephones or printing, and to overhead or fixed expenses, such as rent, insurance, or depreciation. Figure depreciation on the straight-line basis. Do not include capital expenses, such as improvements to an office, when figuring lobbying expenses.

Affiliated groups.—Two organizations are affiliated if one is bound by the other's decisions on legislative issues (control) or if enough representatives of one belong to the other's governing board to cause or prevent action on legislative issues (interlocking directorate). If you do not know whether your group is affiliated, ask IRS for a ruling letter. Send the request to: Assistant Commissioner (Employee Plans and Exempt Organizations), Exempt Organizations Technical Division, E:EO, 1111 Constitution Ave., NW, Washington, DC 20224.

If the electing organization belongs to an affiliated group, complete lines 36 through 44 of column (a), Part VI, for the affiliated group as a whole, and complete column (b) for the electing member of the group. The electing member must also attach a schedule showing each group member's name, address, employer identification number, and expenses. Use the format of Part VI, and show which members elected and which did not.

If the group has no excess amounts on either line 43 or 44, column (a), each electing member will be treated as not having excess amounts. If the group has excess amounts on line 43 or 44, column (a), each electing member will be treated as having excess amounts, and each must file Form 4720 and pay the tax on its proportionate share of the group's excess lobbying expenses. To find a member's proportionate share, multiply the affiliated group's total lobbying expenses (on line 43 or line 44, or both) by a fraction. The numerator is the electing member's total lobbying expenses (line 38, column (b)), and the denominator is the total lobbying expenses of all electing members of the affiliated group. Enter the proportionate share in column (b) of line 43 or line 44, or both. Include each electing member's share of the excess lobbying expenses on the schedule you attach. Any nonelecting members would not owe tax, but would remain subject to the existing rule, which provides that no substantial part of their activities may consist of carrying on propaganda or otherwise trying to influence legislation.

Limited control.—If two organizations are affiliated because their governing instruments provide that the decisions of one will control the other only on national legislation, apply expenses as follows:

(1) Charge the controlling organization with its own lobbying expenses and with the national legislation expenses of the affiliated organizations. Do not charge the controlling organization with other lobbying expenses (or other exempt-purpose expenses) that the affiliated organizations may have.

(2) Treat each local organization as though it were not a member of an affiliated group; that is, the local organization should account for its own expenses only. It would not include any national legislation expenses deemed to have been incurred by the controlling organization under (1) above.

When this type of limited control is present, each member of the affiliated group should complete column (b) only.

Group returns.—Although membership in a group affiliated for lobbying does not establish eligibility to file a group return, a group return can sometimes meet the filing requirements of more than one member of an affiliated group. (See General Instruction Q of Form 990 (or General Instruction P of Form 990EZ) to see who may file a group return.) If a central or parent organization files a group return on behalf of two or more members of the group, complete lines 36 through 44 of column (a), Part VI, for the affiliated group as a whole. Include the central, electing, and nonelecting members. In column (b), except on lines 43 and 44, include the amounts that apply to all electing members of the group if they are included in the group return. Also attach the schedule described above under "Affiliated groups," and show what amounts apply to each group member.

If the group return includes organizations that belong to more than one affiliated group, show the totals for all such groups in column (a). In the schedule you attach, show the amounts that apply to each affiliated group and to each group member.

If the parent organization has made the lobbying expense election, its separate return must also show in column (a) the amounts that apply to the affiliated group as a whole and, in column (b), the amounts that apply to the parent organization only. Similarly, a subordinate organization not included in the group return would also complete column (a) for the affiliated group as a whole, and column (b) for itself only.

However, if "limited control" (defined above) exists, complete only column (b) in Part VI of the group return for the electing members in the group. Attach a schedule to show the amounts that apply to each electing member. In the separate returns filed by the parent and by any subordinate organizations not included in the group return, complete only column (b).

Lines 45–50.—Any organization for which a lobbying expense election under section 501(h) was in effect for its tax year beginning in 1990 must complete columns (a) through (e) of lines 45 through 50 except in the following situations:

(1) An organization first treated as a section 501(c)(3) organization in its tax year beginning in 1990 does not have to complete any part of lines 45 through 50.

(2) An organization does not have to complete lines 45 through 50 for any period before it is first treated as a section 501(c)(3) organization.

(3) If 1990 is the first year for which an organization's first section 501(h) election is effective, that organization is required to complete line 45, columns (a) and (e), entering the same figure in both places. The organization must then complete column (e) to determine whether the amount on line 47 is equal to or less than the lobbying ceiling amount calculated for line 46 and whether the amount on line 50 is equal to or less than the grassroots ceiling amount calculated for line 49. The organization does not satisfy both tests if either its total lobbying expenses or its grassroots lobbying expenses exceed the applicable ceiling amounts. When that occurs, all five columns must be completed and a recomputation made, unless exception (1) or (2) above applies.

(4) If 1990 is the second or third tax year for which the organization's first section 501(h) election is in effect, that organization is required to complete only the columns for the years in which the election has been in effect, entering the totals for those years in column (e). The organization must determine, for those two or three years, whether the amount entered in column (e), line 47, is equal to or less than the lobbying ceiling amount reported on line 46, and whether the amount on line 50 is equal to or less than the grassroots ceiling amount calculated for line 49. The organization does not satisfy both tests if either its total lobbying expenses or grassroots lobbying expenses exceed applicable ceiling amounts. When that occurs, all five columns must be completed and a recomputation made, unless exception (1) or (2) above applies.

If your organization is not required to complete all five columns, attach a statement explaining why. In the statement, also indicate the ending date of the tax year in which the organization made its first section 501(h) election and state whether or not that first election was revoked before the start of the organization's tax year that began in 1990.

If your organization belongs to an affiliated group, you should enter the appropriate affiliated group totals from column (a) when completing lines 45, 47, 48, and 50.

Line 45—Lobbying nontaxable amount.—For 1987–90, enter the amount from line 41 of the Schedule A (Form 990) filed for each year.

Line 47—Total lobbying expenses.—For 1987–90, enter the amount from line 38 of the Schedule A (Form 990) filed for each year.

Line 48—Grassroots nontaxable amount.—For 1987–90, enter the amount from line 42 of the Schedule A (Form 990) filed for each year.

Line 50—Grassroots lobbying expenses.—For 1987–90, enter the amount from line 36 of the Schedule A (Form 990) filed for each year.

Part VII

Part VII is used to report direct and indirect transfers to (line 51a) and direct and indirect transactions with (line 51b) and relationships with (line 52) any other noncharitable exempt organization. A *noncharitable exempt organization* is an organization exempt under section 501(c) (that is not exempt under section 501(c)(3)), or a political organization described in section 527.

For purposes of these instructions, the section 501(c)(3) organization completing this Schedule A (Form 990) is referred to as the "reporting organization."

A noncharitable exempt organization is *related to* or *affiliated with* the reporting organization if either: the two organizations share some element of common control; **OR** a historic and continuing relationship exists between the two organizations. A noncharitable exempt organization is unrelated to the reporting organization if the two organizations share no element of common control **AND** a historic and continuing relationship does not exist between the two organizations.

An *element of common control* is present when one or more of the officers, directors, or trustees of one organization are elected or appointed by the officers, directors, trustees, or members of the other. An element of common control is also present when more than 25% of the officers, directors, or trustees of one organization serve as officers, directors, or trustees of the other organization.

A *historic and continuing relationship* exists when two organizations participate in a joint effort to work in concert toward the attainment of one or more common purposes on a continuous or recurring basis rather than on the basis of one or several isolated transactions or activities. Such a relationship also exists when two organizations share facilities, equipment, or paid personnel during the year, regardless of the length of time the arrangement is in effect.

Line 51—Reporting of certain transfers and transactions.—Except as provided, you must report on line 51 any transfer to or transaction with a noncharitable exempt organization even if the transfer or transaction constitutes the only connection with the noncharitable exempt organization.

Related organizations.—If the noncharitable exempt organization is related to or affiliated with the reporting organization, you must report all direct and indirect transfers and transactions except for contributions and grants received by the reporting organization.

Unrelated organizations.—All transfers from the reporting organization to an unrelated nonexempt charitable organization must be reported on line 51a. All transactions between the reporting organization and an unrelated nonexempt charitable organization must be shown on line 51b, unless they meet the exception in the specific instructions for that line.

Line 51a—Transfers.—Answer "Yes" to lines 51a(i) and 51a(ii) if the reporting organization made any direct or indirect transfers of any value to a noncharitable exempt organization.

A "transfer" is any transaction or arrangement whereby one organization transfers something of value (cash, other assets, services, use of property, etc.) to another organization without receiving something of more than nominal value in return. Contributions, gifts, and grants are examples of transfers.

If the only transfers between the two organizations were contributions and grants made by the noncharitable exempt organization to the reporting organization, answer "No."

Line 51b—Other Transactions.— Answer "Yes" for any transaction described in line 51b(i)-(vi), regardless of its amount, if it is with a related or affiliated organization.

Unrelated organizations.—You must answer "Yes" for any transaction between the reporting organization and an unrelated noncharitable exempt organization, regardless of its amount, if the reporting organization received less than adequate consideration. There is adequate consideration where the fair market value of the goods, other assets or services furnished by the reporting organization is not more than the fair market value of the goods, other assets or services received from the unrelated noncharitable exempt organization. The exception described below does not apply to transactions for less than adequate consideration.

You must answer "Yes" for any transaction between the reporting organization and an unrelated noncharitable exempt organization if the amount involved is more than $500. The "amount involved" is the fair market value of the goods, services, or other assets furnished by the reporting organization.

Exception: If a transaction with an unrelated noncharitable exempt organization was for adequate consideration and the amount involved was $500 or less, you need not answer "Yes" for that transaction.

Line 51b(iii).—Answer "Yes" for transactions in which the reporting organization was either the lessor or the lessee.

Line 51b(iv).—Answer "Yes" if either organization reimbursed expenses incurred by the other.

Line 51b(v).—Answer "Yes" if either organization made loans to the other or if the reporting organization guaranteed the other's loans.

Line 51b(vi).—Answer "Yes" if either organization performed services or membership or fundraising solicitations for the other.

Line 51c.—Complete line 51c regardless of whether the noncharitable exempt organization is related to or closely affiliated with the reporting organization. For the purposes of this line, "facilities" includes office space and any other land, building, or structure whether owned or leased by, or provided free of charge to, the reporting organization or the noncharitable exempt organization.

Line 51d.—Use this schedule to describe the transfers and transactions for which you entered "Yes" on lines 51a-c above. You must describe each transfer or transaction for which you answered "Yes." You may combine all of the cash transfers (line 51a(i)) to each organization into a single entry. Otherwise, make a separate entry for each transfer or transaction.

Column (a).—For each entry, enter the line number from line 51a-c, above. For example, if you answered "Yes" to line 51b(iii), enter "b(iii)" in column (a).

Column (d).—If you need more space than that provided, write "see attached" in column (d) and use an attached sheet for your description. If you are making more than one entry on line 51d, be sure to specify on the attached sheet which transfer or transaction you are describing.

Line 52—Reporting of certain relationships.—Enter on line 52 each noncharitable exempt organization which the reporting organization is related to or affiliated with, as defined above. If the control factor or the historic and continuing relationship factor (or both) is present at any time during the year, you must identify the organization on line 52 even if neither factor is present at the end of the year.

Do not enter unrelated noncharitable exempt organizations on line 52 even if you entered transfers to or transactions with those organizations on line 51. For example, if you entered a one-time transfer to an unrelated noncharitable exempt organization on line 51a(ii), you should not enter the organization on line 52.

Column (b).—Enter the exempt category of the organization; for example, "501(c)(4)."

Column (c).—In most cases, a simple description, such as "common directors" or "auxiliary of reporting organization" will be sufficient. If you need more space, write "see attached" in column (c) and use an attached sheet to describe the relationship. If you are entering more than one organization on line 52, be sure to identify which organization you are describing on the attached sheet.

*U.S. Government Printing Office: 1990 — 265-145